

QUAKER INTERNATIONAL EDUCATIONAL TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2020

Company Limited by Guarantee

Registration Number: 3653506 (England and Wales)

Charity Registration Number: 1072250

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**QUAKER INTERNATIONAL EDUCATIONAL TRUST
TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Reference and administrative details

Trustees (current)

Paul High, Chair
Averil Armstrong, Treasurer
John Crosfield
Rajit Gholap (appointed 1 July 2020)
Michael Goodwin (appointed 1 July 2020)
Dr Khater Abi Habib (appointed 1 March 2020)
Will Haire, Vice Chair
David Hickok
Hani Aboul Jabine
Juhaina Abu Khalil
Antonios (Tony) Mannaseh (appointed 1 January 2021)
Marie-Christine Mojabber (appointed 1 January 2021)
Digby Swift
Antoine Wakim

Secretary

Martin Macpherson

Registered Office

Beaver House
23-38 Hythe Bridge Street
Oxford,
OX1 2EP

Charity's School

Brummana High School
Brummana
Lebanon

Chair of School Governors

Hani Aboul Jabine

Vice-Chair

George Younes

Chair of the Finance Committee

Antoine Wakim

Principal

David Gray

Bursar

Raymond El-Feghali

Company number 3653506 (England and Wales)

Charity number 1072250

Auditors

Critchleys Audit LLP, Beaver House, 23-38 Hythe Bridge Street, Oxford, OX1 2EP

Bankers

CAF Bank, Kings Hill, West Malling, Kent, ME19 4TA

Solicitors

Bates Wells Braithwaite London LLP, 10 Queen Street Place, London EC4R 1BE

QUAKER INTERNATIONAL EDUCATIONAL TRUST TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Trustees present their statutory report together with the financial statements of the Quaker International Educational Trust (QulET) for the year ended 30 September 2020.

The report has been prepared in accordance with the Charities Act 2011 and also represents a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 21 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission (FRS102).

Structure, governance and management

Constitution

QulET is a registered charity, Charity Registration number 1072250, registered on 3 November 1998 and is also a company limited by guarantee, Company Registration number 3653506, registered on 15 October 1998. The incorporated charity is governed by its Memorandum and Articles of Association.

Trustees

The Trustees constitute the members and directors of the company for the purposes of the Companies Act 2006 and trustees of the charity for the purposes of charity legislation.

The Board of Trustees consists of not less than seven nor more than fifteen members.

The Trustees are appointed by the Friends World Committee for Consultation through its Europe and Middle East Section Executive Committee. The majority must be members of the Religious Society of Friends (Quakers) and at 30 September 2020 nine of the twelve Trustees were Quakers. The Trustees comprise members who have extensive experience of Brummana High School (BHS) and the Middle East or in education, or both.

Trustees are appointed for a period of four years and shall be eligible for re-appointment for a further four years. No Trustee who has served for a continuous period of eight years is eligible for re-appointment until at least one year has elapsed.

The following Trustees were in office on 30 September 2020, and had served throughout the year except as shown:

Averil Armstrong, Treasurer
 John Crosfield
 Rajit Gholap (appointed 1 July 2020)
 Michael Goodwin (appointed 1 July 2020)
 Dr Khater Abi Habib (appointed 1 March 2020)
 Will Haire (Vice Chair)
 David Hickok
 Paul High (Chair)
 Hani Aboul Jabine (Chair of Board of BHS)
 Juhaina Abu Khalil
 Digby Swift
 Antoine Wakim

The following Trustees were appointed after the year-end:

Antonios (Tony) Mannaseh (appointed 1 January 2021)
 Marie-Christine Mojabber (appointed 1 January 2021)

QUAKER INTERNATIONAL EDUCATIONAL TRUST TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

On agreeing to become a trustee of the charity, new Trustees are briefed by their Co-Trustees on: the history of the charity and its day-to-day management, the responsibilities of the Trustees, the current objectives and future plans. Trustees are encouraged to attend courses which they consider to be relevant to the development of their role and to keep abreast of changes in legislation.

The Trustees are responsible for the policies, activities and assets of the charity. They meet during the year to review the work of the charity and to take appropriate decisions. When necessary the Trustees seek advice and support from the charity's professional advisors. The day-to-day management of the charity's school in Lebanon, Brummana High School, is delegated, through the Board Constitution, to the school's Governors. The school administers all its accounting records which are audited in Lebanon before translation and inclusion within the charity's financial statements.

No Trustee received any remuneration for services as a member of the Board of Trustees but expenses for travelling and accommodation totalling £934 (2019 - £2,799) were reimbursed to 5 Trustees (2019– 6). No member of the Board of Trustees had any beneficial interest in any contract with the charity during the year.

Trustees' responsibilities statement

The Trustees (who are directors of QuIET for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and regulations.

Company law requires the Trustees to prepare accounts for each financial year. Under that law they have elected to prepare the accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Under company law the Trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustees are aware, there is no relevant audit information (information needed by the charitable company's auditors in connection with preparing their report) of which the company's auditors are unaware; and

Each Trustee has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Members' liability

The liability of members in the event of the charitable company being wound up is limited to £1 per member.

QUAKER INTERNATIONAL EDUCATIONAL TRUST TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Objectives and activities

The objects of the charity are to manage the premises and undertakings of Brummana High School in Lebanon and to advance the education of children and young people in full time education in accordance with the principles of the Religious Society of Friends (Quakers).

The charity undertakes fundraising in the UK for Ramallah Friends School in Palestine. The funds provided financial support to enable students from financially poor families to attend the schools.

In the light of these activities, the Trustees consider that the charity's objects continue to be appropriate.

The overall strategies for achieving these objectives comprise:

- the provision of a sufficient administration in the UK to serve the needs of the Trustees and to meet the clerical requirements of handling grants and donations; and
- the selection and appointment of a Board of Governors and the delegation to them of the major objective and activity of the charity: the management of Brummana High School.

The Board of Governors of Brummana High School accepts this delegation through its Constitution and the Guidelines for Governors. The Guidelines identify six strategic responsibilities for the Board. The guidelines reflect the common understanding of the Board's role.

1. To formulate and guide the overall policy for the School. The Board expresses its aim of running the School in keeping with the principles of the Religious Society of Friends (Quakers) through its Mission Statement and definition of the School's values and ethos. It seeks to involve parents, students, old scholars and staff through personal and direct communication, newsletters and the School's web site www.bhs.edu.lb. Periodically the Board will commission external reviews of major elements of school management.
2. To plan the School's development, the Board has recognised the need for both a Master Plan describing the facilities required as the School grows and also for a forum, steered by the Principal, to take the lead in co-coordinating fundraising and appeals for the capital required.
3. In taking responsibility for the School's educational policy the Board has appointed an Education Committee of the Board, comprising Governors who are senior educationalists in Lebanon, to advise it and give a lead in keeping the School's educational programmes under review and in identifying appropriate strategies. These include:
 - Close liaison with the Ministry of Education in Lebanon and with universities in Lebanon and elsewhere;
 - The provision of curricula through both the Lebanese Programme and an International Programme to meet the needs of the diverse background of young people in Lebanon: and the delivery of the International Baccalaureate Programme following their acceptance as an IB Diploma School;
 - Sustaining the development of a high-quality faculty through appropriate policies for recruitment, departmental management and in-service training;
 - Formulating and implementing policies and practice for learning and for day and boarding school life.

**QUAKER INTERNATIONAL EDUCATIONAL TRUST
TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Objectives and activities (continued)

4. To assist it in taking control and responsibility for finance the Board has appointed a Finance Committee of the Board chaired by the Financial Governor. Key operational strategies are:
 - Budgetary control of all the School's income and expenditure and its cash flow, which is delegated at a detailed level to the Principal and Bursar;
 - Supporting planning for education, the campus and services in the long and short term with financial analysis and market research. (There is fierce competition among schools in Lebanon and in other Middle East Countries for good teachers);
 - Taking a cautious approach to financial projections and currency management in the light of economic hardship and political uncertainty in Lebanon;
 - Maintaining transparency in accounting to the School community, to Lebanese authorities and to QuIET.
5. Appointing the principal officers, the Principal and the Bursar, is recognised as the Board's single most important function. It is also appreciated that this may occur only once during the term of any Governor and detailed advice on their recruitment, selection and appointment is given in The Guidelines for Governors.
6. In fulfilling responsibility for the School's Health and Safety Policy's compass and implementation, delegated to the Principal, Bursar and staff, the Board's Property Committee, receives and considers reports from the School's Health and Safety Committee.

Employees

QuIET strives to be an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress both within and outside the organisation. QuIET is committed to a programme of action to make this policy effective, and to bring it to the attention of all employees.

The Board, represented by its Chairman and Financial Governor, review the remuneration of the charity's key management personnel, namely, the Principal and the Bursar. Based on the School's performance and after looking at other similar school's remuneration in Lebanon and in the UK, and the guidelines from the ISBA and The Society of Heads (SoH); they decide on the total packages to be offered. It is common to offer accommodation to the Head and Bursar in Boarding schools as their presence on campus helps them to fulfil their respective jobs better by being close to the boarding students and to attend swiftly to any need that might arise.

QUAKER INTERNATIONAL EDUCATIONAL TRUST TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Organisation

The management and affairs of the charity are the responsibility of the Trustees, who usually meet twice a year. At least one of these meetings is normally held at the School. This allows Trustees to spend some days at the school to meet staff, parents' representatives and students. In addition, the opportunity is taken to meet with Governors to discuss governance, strategy and the Board's plans. The Trustees did not meet at the school in 2020 due to the Covid-19 pandemic. Further induction and training for all trustees is provided through access to the School's website www.bhs.edu.lb, the minutes of the Board and its sub-committees and access to the charity's records.

The management of Brummana High School is delegated to the Board of Governors appointed by the Trustees. The Board of Governors is directed by the Trustees through the School Constitution and by the Guidelines for Governors provided by the Trustees. A Governors' Nominations Committee composed of the Chair of the Board and the three heads of standing sub-committees nominates names to QuIET for approval, in the light of the agreed skill needs. The Chair of QuIET co-signs a letter of appointment on behalf of QuIET. The Board of Governors meets at least once each School term and appoints the Principal and Bursar to whom appropriate responsibilities are given so that they may carry out the day to day operation of the School. Candidates for the Board of Governors are identified and recommended for appointment by a nominations group, which employs the criteria of general suitability and sympathy with Quaker values for prospective Governors. Serving politicians are not eligible for appointment as Governors. At least one Governor will be an Old Scholar and one a member of Brummana Monthly Meeting of the Society of Friends. Two or more members of the Board of Governors may also serve as Trustees and Directors of QuIET. In this report period four members of the Board of Governors served as Trustees and Directors of QuIET.

The Old Scholars Association plays an important role in supporting the School. The association is currently exploring ways in which it can strengthen its fundraising efforts for the benefit of the development of the School.

The Trustees have reviewed the Charity's governance and in the light of both the review and the advice of QuIET's solicitor, the Trustees are seeking to strengthen the current governance arrangements with closer co-operation between Trustees and the Board of Governors.

Strategic Report

Achievements and Performance

The Brummana High School has suffered severe disruption due to political and economic turmoil, the Covid-19 virus and the 4th August 2020 explosion in Beirut which resulted in many deaths and injury and impoverished thousands of people. These are big challenges which are causing some families much financial hardship and affecting their ability to pay school fees. There is increased pressure on the school finances and more students are expected to need support from the BHS bursary fund. Faced with these challenges the school moved its teaching and management online and postponed some events. Despite the situation everything is being done to ensure that the children's education is not compromised and much has been achieved in these difficult times.

A central element of Brummana High School's contribution to young people in Lebanon and beyond is its constant presence and stability. The school's Governors, appointed by the Trustees, have given the Principal, David Gray, and his staff, and consequently students and their families, the confidence and support to sustain a strong and welcoming school community.

The Board attaches overriding importance to students' character development and to encouraging independent, critical thought. In addition, the two measures of pupil numbers and exam results are monitored carefully.

**QUAKER INTERNATIONAL EDUCATIONAL TRUST
TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Achievements and Performance (continued)

Pupil numbers at Brummana High School: Brummana High School has students of many nationalities and in 2019/2020 there was a complement of 1264 day students and 9 boarders during the year. This compares with 1213 day students and 9 boarders in 2018/2019. The steady numbers at the earlier stages, Playgroup and Infant and Primary 765 in 2020 versus 760 in 2019 is very encouraging and is a counterweight to the volatility in student numbers caused by geo-political uncertainty.

At Brummana High School the student is at the centre of school life and it is to the all-round, intellectual, social, moral, and aesthetic development of the students that all work by the Principal and his staff is dedicated.

The school has continued its adjustment to the CIE Programme. Students currently in Grade 9 will take seven subjects in IGCSE over two years and will be required to pass them (at C or above) at the end of Grade 10 before going on to study for A Level or IB in Grade 11.

This year, students in grades 10 and 11 and a few in Grade 12 will conclude their study of five IGCSE's, gaining passes (at C or above) in at least four of them. Owing to the onset of COVID-19 and the subsequent lockdown, they will be sitting for the IGCSE's in November 2020 rather than in June as originally scheduled. They will then go on to study AS Level in the International Programme over two years in the case of Grade 11, and over one year for Grade 12 students. Grade 12 students will not, however, sit the examinations at the end of the year.

As the June 2020 IGCSE examinations were cancelled and the students were re-entered for their examinations in November, there are no results to report. These will form part of the report for 2020/2021.

The International Baccalaureate (IB) is now recognised by the Lebanese Government as having equivalency to the Lebanese Baccalaureate and so is available to Lebanese Programme students as well as to International Programme students. In 2020, for the IB, there were 12 candidates all of whom gained the Diploma, a 100% pass rate against a 94% pass rate the previous year when there were 16 students. The average points score was 34 in 2020 as against 33 in 2019 and 30 in 2018. It ought to be pointed out that the IB examinations were cancelled and that assessment was measured against course work and other internal components.

The Lebanese Programme's Official Examinations were also cancelled on account of COVID-19 and all students were automatically passed as was also the case for 2020 for the Brevet taken by Grade 9 students. For the record the success rate in the Lebanese Programme's official examinations for 2019 was 93% with 25 out of 27 passing, while in the Brevet the 41 candidates had gained a 100% pass rate in 2019.

A wide range of school activities from the Student Council and Prefects' Systems to clubs for particular esoteric interests are fostered and expressive subjects such as art, drama, music, dance, singing and writing, combined with sports, through exhibitions, competition and performances, offer a wide range of opportunities for personal development. BHS students won a number of prestigious awards in the Model United Nations and Model Arabic League at National level. These two programmes train participating students in diplomacy and improve their negotiation and leadership skills. The community also benefits from the school's extra curricular programme - by making the school's swimming and sports facilities open to the public in out of school hours and holidays.

QUAKER INTERNATIONAL EDUCATIONAL TRUST TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Achievements and Performance (continued)

The second half of the 2019/2020 academic year was marked by the absence from school of all its students, depriving them of the important social and interactive development which any school provides. However, the system of online teaching and learning worked well. Students soon adjusted to the comprehensive programme of academic, pastoral, and extracurricular development which was provided thanks to the wonders of modern technology and on the introduction of TEAMS and Moodle platforms. Although there may have been a shortage of examinations and of social interaction at a cost to the students, they nevertheless mastered quickly, along with their teachers, the finer points of sophisticated communication through the use of ICT. While in retrospect academics may look back on the years of the pandemic as missing years, they were filled in some ways with the development of skills which the students would otherwise have missed. And undoubtedly the one strength which they certainly developed was that of resilience, an essential prerequisite for a successful life.

Due to the COVID 19 pandemic and the related lockdown the summer camp as well as other planned events did not take place in 2020. The school campus was closed on February 29, 2020 and is stayed closed until September 30, 2020.

Public Benefit

When setting the objectives and planning the work of the charity the Trustees give careful consideration to the Charity Commission's general guidance on public benefit.

Brummana High School was established in 1873 to provide an education in keeping with the principles of the Religious Society of Friends (Quakers). Education in the 19th Century has been described as rudimentary, and meaning, for the majority of children, "a vague acquaintance with the Arabic alphabet and perhaps memorising a few numbers" within a setting of strict religion and harsh discipline. The new Quaker school reduced the emphasis on religious instruction, introduced the physical sciences, and took a more secular and critical approach to the humanities in a setting where the dominant principles were, and still are, those of peace, equality, simplicity and truth. It set a valuable example of high educational standards and continues to do so.

The School is open to girls and boys from any religious background, or none, and who may attend for a part or all of their schooling. The School's quality and accessibility attracts students from its own locality, nationally in Lebanon, and internationally, especially within the Middle East. Thereby, it makes a substantial contribution to the culture and prosperity of the community immediately around it, as well as doing so more widely. In 2003 the School was awarded the prestigious President's Gold Medal for its contribution to Education in Lebanon and the Middle East over very many years.

Without financial endowment or Government subsidy, the School is dependent on fee income to remain financially viable and on summer activities, donations and grants to develop. In order to minimise the barrier that fees pose to students from poor families the Board aims to contain fees to the amount needed to run the school day to day, and decisions on fees are made in agreement with the Parents' Association. The Board provides, through their Municipalities, 5 full bursaries to Brummana village and 2 full bursaries to Roumieh village, the villages in which the school campus lies. These bursaries are usually divided amongst several pupils according to need. In addition, the Board has a bursary scheme which makes awards solely on the basis of financial need to existing students whose families are experiencing hardship. The School also awards bursaries to enable the children of staff members to attend, together with sibling bursaries a discount starting with the third child for families who have more than two children enrolled at the School. More than 417 students received from the school a bursary worth, on average 30% of the tuition fee. In addition around 25 students received from the Old Scholars Association a bursary worth on average 70% of the tuition fee. The Trustees have again appealed to Quakers in the UK, Ireland and other European countries for gifts towards the bursary scheme and raised £16,550, in the year to September 2020 (2019: £11,445) in addition to £9,049 collected for the Beirut fund, a fund that was created to assist the parents whose houses or businesses were damaged by the August 4th 2020 explosion in the Beirut port. This fund collected around £41,500 that was granted to the parents during the academic year 2020 / 2021.

**QUAKER INTERNATIONAL EDUCATIONAL TRUST
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Public Benefit (continued)

In order to provide money for improvements and major repairs, and to meet occasions when fee income is insufficient to meet all running costs, the Board, in normal circumstances, holds a Summer programme of education and other activities open to young people both from the locality and further afield. As described earlier, the School maintains close ties with its surrounding communities both through students' and teachers' active Community Service programmes and by making the School's sports and swimming facilities open to the public out of School hours and in the holidays.

QIET has continued to appeal through "The Friend" for bursary funds at Ramallah High School in Palestine. Friends gave £49,843 to this appeal in the year to September 2020 (2019: £27,297).

Financial Review

Income decreased from £7,189,468 in 2019 to £4,842,548 – a decrease of 32.6% Within total income, net tuition and related fees increased from £5,093,529 in 2019 to £5,110,869 – an increase of 0.3% The decrease in the income is mainly due to the school closure owing to the COVID 19 pandemic whereby the school had to deduct a percentage of its tuition fees and bus fees due to closure from March 1 till the end of the year. The reduction in income also reflects an increase in credit loss provision of £1,540,542 as a result of the new International Financial Reporting Standards (IFRS) in allowances for expected credit loss while other expenditures were substantially increased due to the security uncertainty in Lebanon and the major devaluation of the local currency.

Expenditure decreased from £6,692,226 in 2019 to £5,900,027 in 2020, a decrease of 11.8%, mainly due to reduced expenditure on supplies and equipment as a result of the children's remote learning. In addition, the fluctuation of the Sterling pound value against the US Dollars affected the value of the reported expenditures The Governors have exercised caution and careful stewardship to contain costs during the year.

The net movement in funds changed from a surplus of income of £980,405 in 2019 to a deficit of £1,462,456 in 2020. The Trustees consider the financial state of affairs at 30 September 2020 to be internally under control considering the challenges Brummana High School and Lebanon is facing.

The balance sheet shows a decrease in total reserves from £11,975,603 in 2019 to £10,513,147 in 2020.

Of these, restricted funds at the year-end amounted to £50,923 (2019: £54,162). Full details of the movements in the year on the restricted funds can be found in note 23 to the financial statements.

The tangible fixed assets fund represents the net book value of the tangible fixed assets of the charity. Such assets are essential to the charity being able to continue to fulfil its charitable objectives and, as such, do not represent funds which can be realised except in exceptional circumstances.

QUAKER INTERNATIONAL EDUCATIONAL TRUST TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

Risk Management

The Trustees have a risk register for managing the major risks to which the charity is exposed. The five Deeds of plots #1215 - 1308 – 1310 – 1311 and 1729 are now re-registered in the name of Friends Foreign Mission Association Trust Corporation (FFMATC). This means that all the plots at Brummana High School are now held correctly in the name of FFMATC. The Risk Register includes governance risks, operational risks, financial risks, external risks and compliance with law and regulation. The register is a standing item on the agenda of every Trustee meeting and is reviewed to amend any existing risks, to include any new risks and to agree appropriate mitigating actions. The key risks facing the charity at the present time include a reduction in school income due to political and economic situation in Lebanon, the 4th August 2020 explosion in Beirut and the Covid-19 virus all of which are causing families financial hardship and affecting their ability to pay school fees. There is also the downturn in numbers of boarders attending the school and the potential loss of control arising from the location of the school in Lebanon. The Trustees have put measures in place and have taken mitigating actions to address the risks and will continue to monitor them carefully.

Investment policy and performance

Surplus cash held by the School in Lebanon is invested in short term deposits in a number of banks. The Trustees are content with the investment income of £803,571 in 2020 (2019: £757,385).

The unprecedented severe financial, economic and monetary crisis that Lebanon has been witnessing since October 2019 has significantly increased credit, liquidity, market and operational risks. Banks limited foreign currency withdrawals and restricted transfers overseas. During December 2019, there was a credit risk rating downgrade by a rating agency of certain local rated banks to "C" category. Sharp fluctuation in the market foreign currency exchange rate and the creation of parallel markets with a wide range of price variance were witnessed in comparison to the official peg of LBP1,507.50 to the US Dollar. Furthermore, the sovereign credit risk rating started to witness consecutive downgrading by all major rating agencies to reach the level of default on March 7, 2020, when the Lebanese Government announced that it will withhold payment on the bonds due on March 9, 2020, followed by another announcement on March 23, 2020 for the discontinuation of payments on all of its US Dollars denominated Eurobonds. This led to a further deterioration in the market value of Lebanese Government bonds to reach junk status. The market value of all other financial assets has also been adversely impacted. On April 30, 2020, the Lebanese Council of Ministers approved the Lebanese Government's Financial Recovery Plan (the Plan) which includes among other items, reviewing the peg policy, restructuring of the government debt, restructuring of the financial system and the banking sector, and international financial assistance. On May 1, 2020, a formal request for support from the International Monetary Fund (IMF) was addressed to the IMF and discussion is still ongoing at the date of issue of the financial statements with no progress made so far.

The Trustees, and School's Board of Governors, continue to closely monitor the safety of the funds held. For funds held in the UK, security is being prioritised over investment return to ensure that QuIET is able to settle international obligations as they fall due. The accounts include a credit loss provision to factor in the increased risk of default of banking institutions.

Reserves policy

The Trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Trustees consider that given the uncertainties in Lebanon a figure equivalent to 2 years' expenditure would not be excessive. This will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

The level of free reserves at 30 September 2020 amounts to £7,540,113 (2019: £8,893,126) (equivalent to approximately 13 months' expenditure on unrestricted funds) and the intention is to try and increase these reserves as finances allow.

As at 30 September 2020 the total funds of the charity were £10,513,147 (2019: £11,975,603). £50,923 of this was represented by restricted funds (2019: £54,162), £2,922,111 by the designated tangible fixed asset fund (2019: £3,028,315), with the balance being free reserves.

**QUAKER INTERNATIONAL EDUCATIONAL TRUST
TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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The charity's assets

Acquisitions and disposals of fixed assets during the year are recorded in notes 14 and 15 to the financial statements.

The long-term role of the land at Serjbal is being considered by Trustees in consultation with the Board of Governors.

Plans for future periods

Although a list of capital projects was prepared for the coming 3 years the current financial crisis means that no major projects will take place in the foreseeable future.

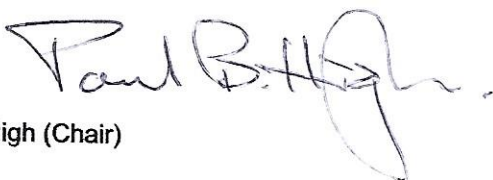
Governors and Trustees are concerned about political developments in the Middle East and Lebanon and have observed that it is having a negative effect on the economy and financial situation in Lebanon. Therefore, while continuing with current projects, further capital expenditure will only be committed with caution. Furthermore, given the significant costs of recent capital projects, the Board advises that funds should be accumulated before embarking on any future projects and any new projects will be supported through specific fundraising.

The Trustees are pleased that the registration of all the School land, of which QuIET is the beneficial owner, is resolved and that all the plots are now registered in the name of the Friends Foreign Mission Association Trust Corporation (FFMATC) as bare trustee.

The Board has also engaged in the process of developing a short term and longer-term vision for the future development of the School.

The Trustees will continue to raise funds for both Brummana High School's and Ramallah Friends School's bursary scheme

Approved by the Trustees on 19 June 2021 and signed on behalf of the Trustees by



Paul High (Chair)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUAKER INTERNATIONAL EDUCATIONAL TRUST

Opinion

We have audited the financial statements of Quaker International Educational Trust (the "Charity") for the year ended 30 September 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 30 September 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter

We draw your attention to note 3 to the financial statements which describes critical accounting estimates and judgements in respect of credit loss provisions, US dollar bank balances in Lebanon and exchange rates for converting transactions and balance in Lebanese pounds to UK sterling

Our opinion is not modified in this respect

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUAKER INTERNATIONAL EDUCATIONAL TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 3 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
QUAKER INTERNATIONAL EDUCATIONAL TRUST (CONTINUED)**

Use of our report

This report is made solely to the Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed



Robert Kirtland (Senior Statutory Auditor)
for and on behalf of Critchleys Audit LLP, Statutory Auditor

Oxford 29 June 2021
Date.....

QUAKER INTERNATIONAL EDUCATIONAL TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 Funds £	Total 2019 Funds £
Income from					
Donations and legacies	4	10,697	109,628	120,325	101,998
Investments	5	<u>(983,558)</u>	<u>-</u>	<u>(983,558)</u>	<u>529,724</u>
		(972,861)	109,628	(863,233)	631,722
Charitable activities					
School fees and related receipts	6	5,710,779	-	5,710,779	6,545,419
Other					
(Loss)/Gain on foreign exchange		<u>(4,998)</u>	<u>-</u>	<u>(4,998)</u>	<u>12,327</u>
Total income		<u>4,732,920</u>	<u>109,628</u>	<u>4,842,548</u>	<u>7,189,468</u>
Expenditure					
Charitable activities:					
Provision of education at Brummana High School, Lebanon					
Teaching costs	7	3,840,346	-	3,840,346	4,614,508
Support and administration of the school	8	2,006,599	-	2,006,599	2,077,718
Grants to other schools	9	<u>-</u>	<u>53,082</u>	<u>53,082</u>	<u>-</u>
Total expenditure		<u>5,846,945</u>	<u>53,082</u>	<u>5,900,027</u>	<u>6,692,226</u>
Net (expenditure)/income before foreign exchange adjustment		(1,114,025)	56,546	(1,057,479)	497,242
(Loss)/gain on foreign exchange adjustment		<u>(404,977)</u>	<u>-</u>	<u>(404,977)</u>	<u>483,163</u>
Net (expenditure)/income	11	(1,519,002)	56,546	(1,462,456)	980,405
Transfers between funds	23	<u>59,785</u>	<u>(59,785)</u>	<u>-</u>	<u>-</u>
Net movement in funds		(1,459,217)	(3,239)	(1,462,456)	980,405
Reconciliation of funds					
Fund balances brought forward at 1 October 2019		<u>11,921,441</u>	<u>54,162</u>	<u>11,975,603</u>	<u>10,995,198</u>
Fund balances carried forward at 30 September 2020		<u>10,462,224</u>	<u>50,923</u>	<u>10,513,147</u>	<u>11,975,603</u>

There is no difference between the net movements in funds stated above, and the historical cost equivalent. All of the charity's activities derived from continuing operations during the above two financial periods.

QUAKER INTERNATIONAL EDUCATIONAL TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Unrestricted Funds £	Restricted Funds £	Total 2019 Funds £
Income from				
Donations and legacies	4	39,540	62,458	101,998
Investments	5	<u>529,724</u>	<u>-</u>	<u>529,724</u>
		569,264	62,458	631,722
Charitable activities				
School fees and related receipts	6	6,545,419	-	6,545,419
Other				
Gain on foreign exchange		<u>12,327</u>	<u>-</u>	<u>12,327</u>
Total income		<u>7,127,010</u>	<u>62,458</u>	<u>7,189,468</u>
Expenditure				
Charitable activities:				
Provision of education at Brummana High School, Lebanon				
Teaching costs	7	4,614,508	-	4,614,508
Support and administration of the school	8	2,077,718	-	2,077,718
Grants to other schools	9	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditure		<u>6,692,226</u>	<u>-</u>	<u>6,692,226</u>
Net income before foreign exchange adjustment		434,784	62,458	497,242
Gain on foreign exchange adjustment		<u>483,163</u>	<u>-</u>	<u>483,163</u>
Net income	11	917,947	62,458	980,405
Transfers between funds	23	<u>35,161</u>	<u>(35,161)</u>	<u>-</u>
Net movement in funds		953,108	27,297	980,405
Reconciliation of funds				
Fund balances brought forward at 1 October 2018		<u>10,968,333</u>	<u>26,865</u>	<u>10,995,198</u>
Fund balances carried forward at 30 September 2019		<u>11,921,441</u>	<u>54,162</u>	<u>11,975,603</u>

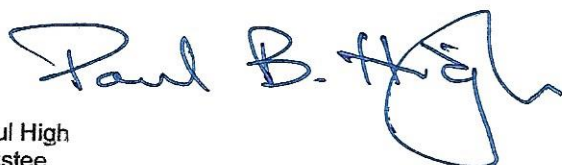
There is no difference between the net movements in funds stated above, and the historical cost equivalent. All of the charity's activities derived from continuing operations during the above two financial periods.

QUAKER INTERNATIONAL EDUCATIONAL TRUST – company no 3653506
BALANCE SHEET
AT 30 SEPTEMBER 2020

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	Note	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	14		2,922,111		3,028,315
Investments	15		<u>341,090</u>		<u>254,175</u>
			3,263,201		3,282,490
Current assets					
Stock	16	189,657		77,264	
Debtors	17	531,159		510,616	
Cash at bank and in hand	18	<u>9,245,338</u>		<u>11,890,286</u>	
		9,966,154		12,478,166	
Creditors: amounts falling due under one year	19	<u>(1,468,045)</u>		<u>(2,336,318)</u>	
Net current assets			<u>8,498,109</u>		<u>10,141,848</u>
Total assets less current liabilities			11,761,310		13,424,338
Creditors: amounts falling due after more than one year	21		(254,487)		(243,838)
Provisions for liabilities and charges	22		<u>(993,676)</u>		<u>(1,204,897)</u>
Total net assets			<u>10,513,147</u>		<u>11,975,603</u>
Funds of the charity:					
Restricted income funds	23		50,923		54,162
Unrestricted income funds					
General funds	25		7,540,113		8,893,126
Tangible fixed assets fund	24		<u>2,922,111</u>		<u>3,028,315</u>
Total funds			<u>10,513,147</u>		<u>11,975,603</u>

Approved and authorised for issue by the Board of Trustees on 19 June 2021 and signed on its behalf by:



Paul High
Trustee

QUAKER INTERNATIONAL EDUCATIONAL TRUST
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Net cash (utilised in)/provided by operating activities	A	(1,185,725)	1,413,141
Cash flows from investing activities			
Investment income		(983,558)	529,724
Purchase of investment bond		(86,915)	(19,346)
Purchase of tangible fixed assets		<u>(388,750)</u>	<u>(390,978)</u>
Net cash (utilised in)/provided by investing activities		<u>(1,459,223)</u>	<u>119,400</u>
(Decrease)/increase in cash		(2,644,948)	1,532,541
Cash at 1 October 2019		<u>11,890,286</u>	<u>10,357,745</u>
Cash at 30 September 2020	18	<u>9,245,338</u>	<u>11,890,286</u>

A. Reconciliation of net income to net cash provided by operating activities

	2020 £	2019 £
Net (expenditure)/income for the year	(1,462,456)	980,405
Investment income receivable	983,558	(529,724)
Depreciation	494,954	533,576
Increase in stocks	(112,393)	(3,839)
Increase in debtors	(20,543)	(125,356)
(Decrease)/increase in creditors	(857,624)	369,052
(Decrease)/increase in provisions	<u>(211,221)</u>	<u>189,027</u>
Net cash (utilised in)/provided by operating activities	<u>(1,185,725)</u>	<u>1,413,141</u>

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. CHARITY INFORMATION

The charity is a public benefit entity. It is a UK company limited by guarantee with its registered office at Beaver House, 23-38 Hythe Bridge Street, Oxford, OX1 2EP.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006 and in compliance with Financial Reporting Standard 102 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commission (FRS102).

The charity controls The Friends Foreign Mission Association Trust Corporation (UK company no. 78392) as it appoints the directors of the Corporation. However this entity is not consolidated as it has no assets and its sole purpose is that land used by the charity in Lebanon is registered in its name.

Going concern

Since the last quarter of 2019, Lebanon has been witnessing severe events that have a significant impact on the fiscal, monetary and economic outlook along with their related adverse impact on the business community as a whole and the banking system in particular, mainly: social unrest and business disruption across the country, series of downgrades to the level of default ranking for private and sovereign credit risk by all major rating agencies, restrictions on cash withdrawals and movement of funds in foreign currencies, non-ability to transfer funds from local bank accounts in foreign currency to foreign accounts with correspondent banks, sharp devaluation of the unofficial currency exchange rate of LBP versus U.S. Dollar and creation of parallel markets with wide range of price variance, and the Lebanese Republic default on its Eurobonds due on March 9, 2020 and then the decision to discontinue payments on all of its outstanding USD-denominated Eurobonds. These adverse developments have raised significant incremental liquidity, exchange and credit risks and high level of uncertainties that could have an impact on the future financial performance, cash flows, and financial position of the School, if no appropriate mitigation measures have been taken by management.

However, management is not aware of any material uncertainties that may cast significant doubt upon the School's ability to continue as a going concern. Therefore the financial statements continue to be prepared on the going concern basis. The School's management will closely monitor all future developments in the Lebanese economy and take the appropriate mitigating measures accordingly. The trustees of QULET are confident in the charity's ability to continue trading for the next 12 months. The school holds significant cash-based reserves. In adopting the going concern basis for preparing the financial statements, the trustees have considered the organisation's business activities, liquidity and strategy, as well as the risks to the Charity and the applicable controls.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. School fees receivable are stated after deducting bursaries and other remissions. School fees received in advance are deferred and included in creditors.

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT, which cannot be recovered. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular heading they have been allocated on a basis consistent with the use of the resources.

Expenditure comprises the following:-

The costs of charitable activities comprise expenditure on the charity's primary purpose as described in the Trustees' report, including the provision of education at the Brummana High School in Lebanon. Bursaries and grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the bursary or grant and has satisfied all related conditions. Bursaries and grants approved but not paid at the end of the financial year are accrued for.

Pension costs

Contributions to the Lebanese Government Provident Fund scheme are recognised in the statement of financial activities so as to spread the cost of pensions over employees' working lives. Provision is made for expected liabilities at the year-end that have not been paid out.

Fund accounting

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

The tangible fixed assets fund represents the net book value of the tangible fixed assets of the charity. Such assets are essential to the charity being able to continue to fulfil its charitable objectives and, as such, do not represent assets which can be realised except in exceptional circumstances.

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity and applied at the discretion of the Trustees.

Tangible fixed assets

All assets costing more than US\$200 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

▪ Improvements to premises	7% on cost
▪ Renovation to buildings	7% on cost
▪ Furniture and equipment	10% on cost
▪ Computer equipment	25% on cost
▪ Motor vehicles	10% on cost

In view of the unstable conditions in Lebanon, and the uncertainty of whether any future proceeds could be remitted to the charity, no value has been attributed in these financial statements to either the land on which Brummana High School stands or the original school buildings, apart from recent renovations and improvements which are capitalised. It is likely that the historic cost of the land and original buildings would not be significant to the overall financial statements. The buildings are insured for approximately US\$ \$10,000,000 plus \$1,500,000 for their content.

Stocks

Stocks of books, publications, fuel, tuck shop supplies and sportswear are valued at the lower of cost or net realisable value.

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (continued)

Foreign currencies

The functional currency of Brummana High School is Lebanese Pounds, and the functional currency of the Charity is Sterling. The presentational currency of these accounts is Sterling since the accounts are filed with authorities in the UK. Monetary assets and liabilities in foreign currencies are translated into sterling at the official rates of exchange ruling at the balance sheet date which are derived from the official rate of 1 USD = LBP 1507.50. Transactions in foreign currencies are translated into sterling at the average official rate of exchange ruling over the period of the Statement of Financial Activities. Exchange differences are taken into account in arriving at net income.

Exchange differences arising on foreign currency net investments are taken into account in arriving at net income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

A credit loss provision on cash has been calculated by multiplying the total amount of cash at banks with a Loss Given Default rate (45% applied in Lebanon) and a probability of default rate extracted from Moody's report based on the classification/rating of Lebanese banks. In 2019 the probability of default rate used was 4.78%. For 2020, the rate has increased to 34.46% for balances with a maturity of 1 year, and 55.39% for balances with a maturity of 3 years.

Fixed asset investments

These consist of a long term subordinated loan accruing a fixed rate of interest which is recorded at amortised cost, and deposits held with Central Bank of Lebanon.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charitable company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised at the transaction price.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows

Credit Loss provisions

The measurement of expected credit losses is a function of the probability of default, the magnitude of the loss if there is a default and the exposure at default, and has been applied to the bank balances, investments and debtors relating to amounts held in Lebanon.

US Dollar Bank Balances in Lebanon

As further explained in note 18, there are currently significant restriction over the use of these balances. However they have continue to be presented as cash at bank and in hand as the Trustees are hopeful that in due course these restrictions will be lifted

Exchange rates for converting transactions and balance in Lebanese pounds to UK sterling

Monetary assets, liabilities, income, and expenditure have been converted using the official exchange rates. However due to the state of the Lebanese economy the unofficial rates which are available locally are significantly different. In the UK HMRC uses the official rates and given the difficulties in identifying what the unofficial rate may be at particular point in time, or its average for the year, the Trustees have used the official exchange rates for converting the figures for inclusion in these financial statements. If the unofficial exchange rate had been used the sterling value of the bank balances would have been significantly lower.

4. DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019
	£	£	£	£
Donations and grants	<u>10,697</u>	<u>109,628</u>	<u>120,325</u>	<u>101,998</u>

5. INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019
	£	£	£	£
Investment income	25,023	-	25,023	18,335
Income on bank deposits	778,548	-	778,548	739,050
Rental income	8,172	-	8,172	27,098
Credit losses provision	<u>(1,795,301)</u>	-	<u>(1,795,301)</u>	<u>(254,759)</u>
	<u>(983,558)</u>	<u>-</u>	<u>(983,558)</u>	<u>529,724</u>

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. SCHOOL FEES AND RELATED RECEIPTS

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Tuition, application and registration fees	5,632,624	-	5,632,624	5,613,877
Less: bursaries	<u>(521,755)</u>	<u>-</u>	<u>(521,755)</u>	<u>(520,348)</u>
	<u>5,110,869</u>	<u>-</u>	<u>5,110,869</u>	<u>5,093,529</u>
Other school income:				
Summer activities	6,947	-	6,947	532,108
Catering	72,322	-	72,322	127,362
Tuck shop	45,855	-	45,855	107,185
Bus fees	304,166	-	304,166	327,998
Bookshop and sportswear	112,363	-	112,363	278,322
Other revenues	<u>58,257</u>	<u>-</u>	<u>58,257</u>	<u>78,915</u>
	<u>599,910</u>	<u>-</u>	<u>599,910</u>	<u>1,451,890</u>
 Total	 <u>5,710,779</u>	 <u>-</u>	 <u>5,710,779</u>	 <u>6,545,419</u>

Bursaries amounting to £59,785 (2019: £35,161) were provided from restricted funds (see note 23).

7. TEACHING COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Staff costs (note 12)	2,959,476	-	2,959,476	3,139,624
Travel and subsistence	292,583	-	292,583	336,709
Depreciation	247,477	-	247,477	266,788
Supplies and equipment	260,410	-	260,410	763,891
Repairs and maintenance	<u>80,400</u>	<u>-</u>	<u>80,400</u>	<u>107,496</u>
	<u>3,840,346</u>	<u>-</u>	<u>3,840,346</u>	<u>4,614,508</u>

8. SUPPORT AND ADMINISTRATION OF THE SCHOOL

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Staff costs (note 12)	977,796	-	977,796	875,182
Advertising, telephone and stationery	54,450	-	54,450	74,407
Travel and subsistence	149,436	-	149,436	170,919
Depreciation	247,477	-	247,477	266,788
Repairs and maintenance	34,458	-	34,458	46,070
Light, heat and fuel	162,066	-	162,066	189,530
Professional services	136,019	-	136,019	139,169
Insurance	27,320	-	27,320	29,763
Office, administration and miscellaneous	140,048	-	140,048	186,031
Bad debt provision	48,148	-	48,148	71,488
Governance costs (note 10)	<u>29,381</u>	<u>-</u>	<u>29,381</u>	<u>28,371</u>
	<u>2,006,599</u>	<u>-</u>	<u>2,006,599</u>	<u>2,077,718</u>

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

9 GRANTS TO OTHER SCHOOLS

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Ramallah Friends' Schools, Palestine	<u>-</u>	<u>53,082</u>	<u>53,082</u>	<u>-</u>

10. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Auditors' remuneration:				
Critchleys Audit LLP				
Statutory audit services	5,040	-	5,040	4,860
Other services	6,335	-	6,335	5,862
Deloitte & Touche				
Brummana High School audit services	16,492	-	16,492	16,566
Other statutory and legal costs	<u>1,514</u>	<u>-</u>	<u>1,514</u>	<u>1,083</u>
	<u>29,381</u>	<u>-</u>	<u>29,381</u>	<u>28,371</u>

11. NET (EXPENDITURE)/ INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
This is stated after charging:				
Loss/(gain) on foreign exchange	404,977	-	404,977	(483,163)
Depreciation charged in period	<u>494,954</u>	<u>-</u>	<u>494,954</u>	<u>533,576</u>

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

12. STAFF COSTS AND TRUSTEES' EXPENSES

	2020	2019
	£	£
Staff costs during the year were as follows:		
Wages and salaries	3,669,511	3,490,430
Back dated cost of living increase adjustment (note 22)	(214,191)	-
Social security costs	322,696	298,176
Other pension costs	<u>159,256</u>	<u>226,200</u>
	3,937,272	4,014,806
Transport costs	<u>107,728</u>	<u>161,983</u>
	<u><u>4,045,000</u></u>	<u><u>4,176,789</u></u>

The number of employees whose remuneration exceeded £60,000 was:

	2020	2019
	No.	No.
£70,000 - £80,000	1	-
£90,000 - £100,000	1	1
£110,000 - £120,000	-	1
£150,000 - £160,000	<u>1</u>	<u>-</u>

In addition, one of the higher paid employees was entitled to 1/12th of their salary via the staff termination indemnities fund (see note 22).

The average number of employees during the year, analysed by function, was as follows:

	2020	2019
	Number	Number
Brummana High School, Lebanon		
Teaching staff	164	155
Support	59	57
Administration	<u>1</u>	<u>1</u>
	<u><u>224</u></u>	<u><u>213</u></u>

	2020	2019
	£	£
Key management compensation	<u>332,675</u>	<u>262,061</u>

No Trustee received any remuneration in respect of their services as a Trustee during the year (2019 - £nil).

Expenses were reimbursed to 5 (2019: 6) Trustees during the year as follows:

	2020	2019
	£	£
Travel and accommodation expenses	<u>934</u>	<u>2,799</u>

13. TAXATION

Quaker International Educational Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities. The charity is not registered for VAT.

QUAKER INTERNATIONAL EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

14. TANGIBLE FIXED ASSETS

	Improvements to Premises £	Renovation to Buildings £	Furniture & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 October 2019	1,084,148	4,445,537	1,085,012	632,865	23,271	7,270,833
Additions	26,139	194,889	35,839	131,883	-	388,750
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 30 September 2020	<u>1,110,287</u>	<u>4,640,426</u>	<u>1,120,851</u>	<u>764,748</u>	<u>23,271</u>	<u>7,659,583</u>
Depreciation						
At 1 October 2019	771,138	2,208,322	703,848	556,301	2,909	4,242,518
Charge for period	50,776	332,916	77,115	30,628	3,519	494,954
Disposals	-	-	-	-	-	-
At 30 September 2020	<u>821,914</u>	<u>2,541,238</u>	<u>780,963</u>	<u>586,929</u>	<u>6,428</u>	<u>4,737,472</u>
Net book value						
At 30 September 2020	<u>288,373</u>	<u>2,099,188</u>	<u>339,888</u>	<u>177,819</u>	<u>16,843</u>	<u>2,922,111</u>
At 30 September 2019	<u>313,010</u>	<u>2,237,215</u>	<u>381,164</u>	<u>76,564</u>	<u>20,362</u>	<u>3,028,315</u>

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

15. FIXED ASSET INVESTMENTS

	2020	2019
	£	£
Subordinated bonds	236,975	248,291
Certificate of deposit with Central Bank of Lebanon	291,362	-
Interest accrued in the year	17,169	11,224
Allowance for expected credit loss	<u>(204,416)</u>	<u>(5,340)</u>
At 30 September 2020	<u>341,090</u>	<u>254,175</u>

16. STOCKS

	2020	2019
	£	£
Books and publications	133,605	62,684
Sportswear	16,824	14,693
Tuck shop and kitchen supplies	67,550	29,562
Allowance for impairment	<u>(28,322)</u>	<u>(29,675)</u>
	<u>189,657</u>	<u>77,264</u>

17. DEBTORS

	2020	2019
	£	£
Tuition fees	479,605	452,824
Staff loans and other debtors	<u>51,554</u>	<u>57,792</u>
	<u>531,159</u>	<u>510,616</u>

18. CASH AT BANK AND IN HAND

	2020	2019
	£	£
Current accounts and cash in hand:		
UK	66,663	20,317
Lebanon	682,601	655,749
Short term deposits with banks:		
Lebanon LBP accounts	1,014,585	1,390,448
Lebanon USD accounts	3,412,342	3,825,555
Long term deposits with banks:		
Lebanon LBP accounts	2,777,077	3,332,833
Lebanon USD accounts	3,109,803	2,926,073
Credit losses provision	<u>(1,817,733)</u>	<u>(260,689)</u>
	<u>9,245,338</u>	<u>11,890,286</u>

A credit loss provision on cash has been calculated by multiplying the total amount of cash at banks with a Loss Given Default rate (45% applied in Lebanon) and a probability of default rate extracted from Moody's report based on the classification/rating of Lebanese banks. In 2019 the probability of default rate used was 4.78%. For 2020, the rate has increased to 34.46% for balances with a maturity of 1 year, and 55.39% for balances with a maturity of 3 years.

For the Lebanon USD accounts there are currently severe restriction in Lebanon which means that these amounts cannot be withdrawn, apart from notional amounts.

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Tuition fees received in advance	964,314	1,765,550
Other creditors and accruals	290,188	445,559
Social security and other taxes	<u>213,543</u>	<u>125,209</u>
	<u>1,468,045</u>	<u>2,336,318</u>

20. DEFERRED INCOME

	2020	2019
	£	£
Balance at 1 October	1,765,550	1,455,822
Amount released to incoming resources	(1,765,550)	(1,455,822)
Amount deferred in the year	<u>964,314</u>	<u>1,765,550</u>
Balance at 30 September	<u>964,314</u>	<u>1,765,550</u>

Deferred income comprises tuition fees received in advance.

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Refundable enrolment fees	<u>254,487</u>	<u>243,838</u>

22. PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 October 2019	Charges and exchange loss in the year	Utilised/ Released	At 30 September 2020
	£	£	£	£
Staff termination indemnities fund	1,004,897	31,748	(42,969)	993,676
Back dated cost of living increase	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
	<u>1,204,897</u>	<u>31,748</u>	<u>(242,969)</u>	<u>993,676</u>

Staff termination indemnities fund

This fund provides for Brummana High School's end of service pension contribution liabilities for both teaching and non-teaching staff in accordance with the different Lebanese regulations for teachers' pensions and for non-teachers' pensions.

The School contributes a stipulated proportion of each employee's salary to the appropriate Government pension fund; the Provident Fund for entitled teachers and the Social Security Fund for non-teachers. However, the School is responsible for meeting the extra pension earned by teachers in the Provident Fund who have been paid above the Government's teachers' pay scale. In addition, the School is responsible for the entire pension due to those teachers, for instance unqualified or foreign, who are not entitled to join the Provident Fund.

For other staff the School is responsible for the difference between the value of pension contributions already made to the Social Security Fund and a final calculation of the pension entitlement based on final salary and the number of years of service.

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

22. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Back dated cost of living increase

In Lebanon, there was a Government imposed back dated cost of living increase to teachers' salaries. In previous years provision was made for extra amounts expected to be ultimately payable in excess of advances already made. However due to the current economic situation in Lebanon it is no longer probable that amounts will be paid and the provision has been removed. However there is a contingent liability for such amounts (previously estimated at around £200,000)

23. RESTRICTED FUNDS

The income funds of the charity include restricted funds comprising the following unexpended balances held on trusts to be applied for specific purposes:

	At 1 October 2019 £	Income £	Expenditure, Gains, Losses & Transfer £	At 30 September 2020 £
Ramallah Friends' Schools fund	54,162	49,843	(53,082)	50,923
Bursary fund	-	59,785	(59,785)	-
	<u>54,162</u>	<u>109,628</u>	<u>(112,867)</u>	<u>50,923</u>

Ramallah Friends' School fund

The fund is for application towards grants payable to Ramallah Friends' Schools, Palestine.

Bursary fund

The fund is for application towards the award of bursaries for students at Brummana High School and includes donations from the Brummana High School Cultural Society.

The movements on restricted funds for the previous year are set out below:

	At 1 October 2018 £	Income £	Expenditure, Gains, Losses & Transfer £	At 30 September 2019 £
Ramallah Friends' Schools fund	26,865	27,297	-	54,162
Bursary fund	-	35,161	(35,161)	-
	<u>26,865</u>	<u>62,458</u>	<u>(35,161)</u>	<u>54,162</u>

24. TANGIBLE FIXED ASSETS FUND

	2020 £	2019 £
At 1 October 2019	3,028,315	3,170,913
Net movement in the year	<u>(106,204)</u>	<u>(142,598)</u>
At 30 September 2020	<u>2,922,111</u>	<u>3,028,315</u>

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. Such assets are used in the day to day work of the charity and hence do not represent amounts which can be realised except in exceptional circumstances.

QUAKER INTERNATIONAL EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

25. ANALYSIS OF NET ASSETS BY FUND

	General Fund	Tangible Fixed Assets Fund	Restricted Funds	Total
	£	£	£	£
Current year (2020)				
Fixed assets	341,090	2,922,111	-	3,263,201
Current assets	9,915,231	-	50,923	9,966,154
Creditors: amounts falling due within one year	(1,468,045)	-	-	(1,468,045)
Creditors: amounts falling due after more than one year	(254,487)	-	-	(254,487)
Provisions	<u>(993,676)</u>	<u>-</u>	<u>-</u>	<u>(993,676)</u>
Total net assets	<u>7,540,113</u>	<u>2,922,111</u>	<u>50,923</u>	<u>10,513,147</u>
Previous year (2019)				
Tangible fixed assets	254,175	3,028,315	-	3,282,490
Current assets	12,424,004	-	54,162	12,478,166
Creditors: amounts falling due within one year	(2,336,318)	-	-	(2,336,318)
Creditors: amounts falling due after more than one year	(243,838)	-	-	(243,838)
Provisions	<u>(1,204,897)</u>	<u>-</u>	<u>-</u>	<u>(1,204,897)</u>
Total net assets	<u>8,893,126</u>	<u>3,028,315</u>	<u>54,162</u>	<u>11,975,603</u>

26. CAPITAL COMMITMENTS

At the balance sheet date the charity had contracted capital commitments of £110,000 (2019: £nil).

27. RELATED PARTY TRANSACTIONS

One trustee made a donation of £39,407 (\$50,000) to the charity (2019: £nil).